

From: Patricia Lougheed
To: David Hills
Date: Wed, Jan 22, 2003 8:13 AM
Subject: Final Closure Memo for Allegation RIII-02-A-0005

Dave

There isn't an AITS item associated with this item. It's the result of the trip Jim Heller and I made Friday to Exelon. This should completely close this allegation.

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January 22, 2003

MEMORANDUM TO: J. Heller, Senior Allegations Coordinator, EICS

THROUGH: D. Hills, Chief, Mechanical Engineering Branch (MEB), DRS
FROM: Patricia Lougheed, Engineering Inspector, MEB
SUBJECT: CLOSURE MEMO FOR ALLEGATION NO. RIII-02-A-0005 (Exelon),
CONCERN 14

During review of the licensee's November 26, 2002, response to this issue, MEB and EICS identified that it appeared that the concerned individual and the licensee might be discussing two separate audits. In order to explore that possibility, and to ensure that the concerned individual's concern was properly addressed, MEB and EICS conducted a one-day visit to the corporate offices. During that one-day inspection, additional audit records, associated memoranda and problem identification forms were reviewed and interviews were conducted with knowledgeable personnel. The results of this inspection were then combined with the information previously provided by the licensee in order to establish whether concern 14 was substantiated, to identify any unresolved issues, to determine if there were any violations of NRC requirements and to determine if the licensee's response was adequate and independently performed. Each of these items is discussed separately below.

MEB has reviewed Regional Procedure 0517a "Management of Allegations" and determined that section 8.4 delineated the necessary closure information. This closure information is specifically provided at the end of this memorandum.

Was the Concern Substantiated?

No, Concern 14 was not substantiated.

Were There Any Unresolved Technical Issues?

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No, all concern have now been resolved.

Were There Any Violations of NRC Requirements?

No, there were not any violations of NRC requirements.

Was the Licensee's Response Adequate?

Yes; confusion was caused by the concerned individual's combining of two different audits.

Was the Licensee's Independently Performed?

The concern was evaluated by members of the Exelon Generation Company, LLC, Mid-West Regional Operating Group. Therefore, MEB concluded that the response was independently performed.

Concern 14: You were concerned that ComEd (Exelon) failed to issue a Stop Work Order against Holtec and US Tool & Die as a result of the nine findings identified in your audit of these organizations in March 2000 or as a result of the Stop Work Orders issued by New York Power Authority and the Southern Nuclear Company against these same organizations.

Actions Taken to Address this Concern: This concern was forwarded to the licensee on May 1, 2002, and the licensee responded on July 12, 2002. Following review of this information by the NRC, the licensee was asked to provide additional details in a letter dated September 4, 2002. The licensee responded with further information on November 26, 2002 as summarized below:

The licensee did not address any Holtec audits. The licensee determined that the US Tool and Die audit, SR-2000-257, was a joint NUPIC audit, was conducted in June 2000, had nine audit findings, and was led by an Exelon employee who had authority to issue a stop work order in accordance with licensee procedure MS-AA-200, "Supplier Qualification Activities", Revision 1. The licensee provided objective evidence showing that the nine audit findings were properly addressed by US Tool and Die, accepted by the lead auditor, reinspected by another utility and closed out.

NRC Review and Conclusion: NRC reviewed the documentation provided by the licensee in regard to the US Tool and Die audit, SR-2000-257, and determined that the licensee's actions in regard to this audit were satisfactory. The Exelon lead auditor appeared to follow the licensee's process. The lead auditor had the authority to issue a stop work order but did not do so. For this audit, the supplier's proposed corrective actions were accepted. As the licensee did not address any Holtec audits, NRC conducted an inspection at the corporate offices and reviewed the paperwork associated with audit SR-2000-256. This audit was conducted in May 2000 and was led by the Southern Nuclear Corporation. One Exelon auditor participated in this audit. The NRC noted that the audit team identified substantial findings during the audit, as demonstrated by a comment by the Exelon auditor on an audit checklist: "The audit team concluded that Holtec International is not effectively implementing its Quality Assurance Program at its subcontractor Omni Fabricator." Therefore, the Exelon auditor prepared problem identification form (PIF) 29507 on June 1, 2000.

Under the "immediate actions taken" section of the PIF, the Exelon auditor noted that he discussed the findings with the Holtec Quality Assurance Manager and requested an expedited response for completion of the corrective actions. In addition, the auditor gave the Holtec Dresden Unit 1 Project Manager for the Dry Cask Storage Project a 24 hour time clock to self impose a stop work order on Omni, otherwise the auditor indicated that Exelon would impose a stop work order. The NRC noted that followup documentation in the audit file indicated that Holtec responded immediately to the auditor's findings, and that appropriate corrective actions were taken. This was demonstrated by a letter dated June 16, 2000, signed by the Exelon auditor, which accepted the corrective actions.

In conclusion, the audits of both Holtec and US Tool and Die appeared to be handled appropriately and in accordance with the licensee's program. Although a stop work order was not actually issued against Holtec in May 2000, Exelon took the necessary steps to ensure the problems were corrected. In regard to the US Tool and Die audit in June 2000, there was no indication in the Exelon lead auditor's notes that a stop work order was necessary. Therefore, NRC was unable to substantiate this concern. We consider this issue closed and plan no further inspection effort in regard to it.